

PERSONAL AND CONFIDENTIAL

Mr. William Casey
 Director, Central Intelligence Agency
 Langley, Virginia

Dear Bill,

The enclosed list of hardware is available for immediate delivery at the prices indicated. The list was developed in conjunction with a member of the NSC who is knowledgeable of the urgent needs of the United Nicaraguan Opposition with which the US has a continuing interest. The items can be at dockside, ready for shipment within two weeks from the date of a Letter of Credit or the deposit of actual funds.

Due to the fact the funds from Congress will not be available until after September, our bank in Switzerland, will accept a Letter of Credit from your bank and issue a loan for six to twelve months, or as needed. Our bank will fund immediately for the purchase of the listed items, thus providing the equipment that is so desperately needed now while allowing for payment at a later date.

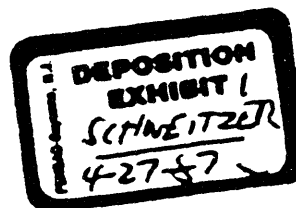
Our banker is prepared to fly to Washington and take care of the Letter of Credit directly with your designated bank. This eliminates all bank tested telexes or paper trails. The loan can be in the name of a corporation of your choice. It is not necessary for our bank to know your identity, only your banker.

Our bank has been exceptionally discreet in processing our transactions in the past. At the close of the transactions, the bank file will only show corporations, numbered items and amounts. No reference will be made of the specific items involved in the transaction, nor of the individuals or actual organizations involved.

Please let me know as soon as possible your desires for our future actions on this matter.

Yours truly,

Jack
 John K. Singlaub
 Major General, U.S. Army (RET)
 Consultant



1 Incl: a/s

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Quoted : 28 July 1986

E X 271

#	ITEM	QTY	UNIT PRICE
1	SA-7	50 sets(1+3)	159,600 per set
2.	12.7mm MachineGun 12.7mm Ammo	60 3 Million Rounds	9,350 each 2,940 per M
3.	14.5mm MachineGun 14.5mm Ammo	20 Twin Version 1 Million Rounds	34,000 each 3,570 per M
4.	RPK Rifle 7.62X39mm Ammo	300 15 Million Rounds	1,980 each 129 per M
5.	60mm Mortar "Commando" 60mm Shells	200 600,000	6,500 each 84 each
6.	82mm Mortar 82mm Shells	50 150,000	7,150 each 105 each
7.	RPG-7 Launcher PG-7vm Rockets	200 10,000	1,815 each 194 each
8.	C4 Plastic HE*		
9.	AKMS Rifles	10,000	155 each

PRICE

FOB : Poland.

Delivery : Immediate availability.

Factory to dockside.

Commercial shipper will deliver to port you designate at normal competitive rates.

* Available: Source will not quote without bona fide offer.

Item under control of separate part of government.

Source guarantees price will be as competitive as the other items on this list.

6-00036E

NO EUC REQUIRED.

SOURCE SUPPLIES ALL REQUIRED DOCUMENTS AT NO ADDITIONAL CHARGE.

To create a conduit for maintaining a continuous flow of Soviet weapons and technology, to be utilized by the United States in its support of Freedom Fighters in Nicaragua, Afghanistan, Angola, Cambodia, Ethiopia, etc.

2. PROBLEM

With each passing year, Congress has become increasingly unpredictable and uncooperative regarding the President's desire to support the cause of the Freedom Fighters, despite growing Soviet oppression. The funds have not been forthcoming to supply sufficient arms necessary for the Freedom Fighters to win. Therefore, in lieu of the necessary funding to support this goal, the following 3-Way Trade is proposed:

3. PROPOSAL

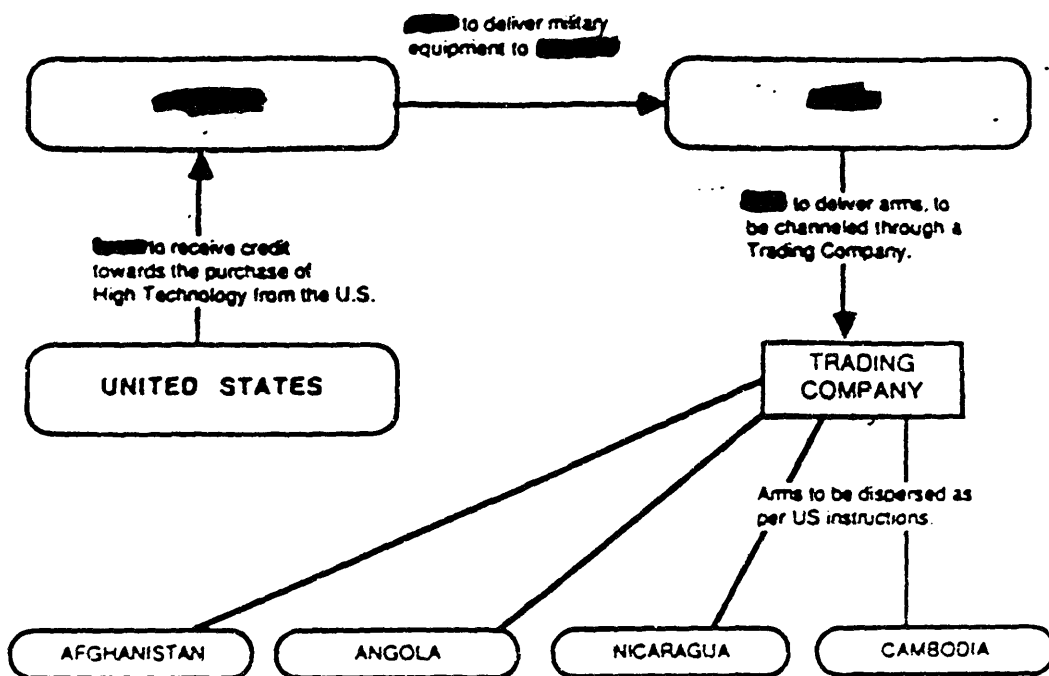
COUNTRY "A": [REDACTED] [REDACTED] is capable of producing an ongoing supply of Soviet-compatible arms. [REDACTED] is at the same time trying desperately to upgrade their own military forces and equipment. They would like to purchase from [REDACTED] a wide range of military equipment.

COUNTRY "B": [REDACTED] [REDACTED] would like to sell to [REDACTED], but Israel's economy is not capable of supporting long-term credit or barter agreements. As such, the United States is the key in the successful 3-Way Trade.

COUNTRY "C": UNITED STATES The United States is able to provide Israel with desired High Technology equipment and information. Based on this commodity, the Trade would operate as follows:

PARCEL TO 2034



3 WAY TRADE

4. RESULTS

█████ sells equipment, which in many cases sits stockpiled at present, to █████. In return, █████ receives from the United States equipment and technology that it could not otherwise afford to purchase.

█████ receives much-needed modernization for its forces, thereby presenting a stronger threat to the Soviet Union. In return, █████ exports an ongoing supply of domestically manufactured arms, as per directions from the United States.

The United States then has at its disposal a large and continuous supply of Soviet technology and weapons to channel to Freedom Fighters worldwide, mandating neither the consent or awareness of the Department of State or Congress.

The United States would be in a position to dispense these shipments through a neutral Foreign Trading Company, established solely for this purpose.

China would only be aware of the fact that it is to ship to the Trading Company such specified goods as requested, comparable in USD value to the equipment received from Israel. China would not be aware of the final destinations of any of the exported arms.

Israel would only be aware of the buying power extended by the United States for US technology, again in comparable USD value to the equipment sent to █████.

The United States at present holds to a policy of providing assistance to [REDACTED] a goal which would be forwarded through this transaction. Likewise, the United States is committed to extending financial and technological assistance to the State of [REDACTED]. This too would be accomplished. There are many avenues available regarding the forms of credit which could be extended to Israel.

We have received confirmation from [REDACTED] and [REDACTED] that they are most interested in pursuing their role in this trade arrangement. Upon your encouragement and belief that the United States could perform its role, we will proceed with [REDACTED] and the [REDACTED] defining their respective roles and the equipment they are willing to trade. This will serve to establish our initial parameters of equipment quantities, and the proportionate amount of credit required.